

INFORMATION REPORT

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COUNTRY China

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SUBJECT Situation in Chefoo, Shantung

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1. Trade through the port of Chefoo (121-24, 37-32), is now controlled by an official trade bureau, functioning as a subordinate division of the Political Committee of Shantung Province. This bureau in turn has several agents, one of which is the Ho Ch'eng (Ho Ch'eng) Company, managed by WANG (王) (fmu). All imports clear through these agents. In late summer and early fall 1949, they were very active in importing from Hong Kong supplies for the Chinese Communist armies.
2. The local industries and commerce are under complete Communist control. Factories for cotton thread and cloth and the larger stores of the area are operated by Communist supervisors, including many women. Their production is not available on the local market but is used for barter to outside areas.
3. Military control of the area is strict, and the Communist army strength in the city in October 1949 was approximately 56,000, almost a third of the city's population. All police and control functions, including the customs service and the marine police, are handled by the Communist army. The bay is patrolled by army units using eight small diesel-engined vessels, and there are also three or four small steel vessels which have been used by the army and are now anchored in the bay.
4. Traffic within the city is controlled by military police. Between the city and harbor, traffic is permitted only between eight a.m. and four p.m., and there is a city-wide traffic curfew from six p.m. to seven a.m. Every important street junction is controlled by a pill box, and there are many police and other agents on the streets and in public buildings at night.
5. The troops appear to be poorly dressed and many have no uniform headgear. In October they were still wearing summer uniforms because they had no other. The men are armed with Japanese rifles and hand grenades, which are manufactured in the city in a rough form. The grenade has a wooden handle and the casing has an overall length of about twenty centimeters.

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